

THE FRANKLIN COUNTY BOARD OF SUPERVISORS HELD A BUDGET WORK SESSION MEETING ON THURSDAY, MARCH 29, 2012 AT 5:00 P.M., IN THE BOARD OF SUPERVISORS MEETING ROOM LOCATED IN THE GOVERNMENT CENTER, 1255 FRANKLIN STREET, SUITE 104, ROCKY MOUNT, VIRGINIA.

THERE WERE PRESENT: David Cundiff, Chairman
 Leland Mitchell, Vice-Chairman
 Bob Camicia
 Ronnie Thompson (Via Teleconference)
 Charles Wagner
 Cline Brubaker
 Bobby Thompson

OTHERS PRESENT: Richard E. Huff, II, County Administrator
 Christopher Whitlow, Asst. Co. Administrator
 Larry Moore, Asst. Co. Administrator
 Sharon K. Tudor, MMC, Clerk

Chairman Cundiff, called the meeting to order.

Chairman Cundiff stated Mr. Ronnie Thompson, Boone District, will be participating via teleconference due to a medical pre-opt for a medical procedure scheduled for Friday, March 30, 2012.

Richard E. Huff, II, County Administrator, presented the following budget information for the Board's review and consideration:

Franklin County Public Schools
Possible County School Budget Recommendations for 2012-13
3/27/12

I. Reductions Required by County Budget Recommendations (If Carryovers are not Approved):

The following budget reductions/changes might be considered:

| | | |
|-----|---|--------------------|
| 1. | Cut Transportation Fuel | \$ 79,090 |
| 2. | Cut Electrical Services | 121,505 |
| 3. | Cut Heating Fuel Services | 80,478 |
| 4. | Cut Health Insurance Increase | 407,000 |
| 5. | Cut 1 Division Coordinator Position | 76,645 |
| 6. | Cut 8th Grade BFMS Administrator Position | 100,827 |
| 7. | Cut 7 Non-Classroom Professional Positions | 419,767 |
| 8. | Cut 7 Resource Teacher Positions | 453,085 |
| 9. | Revise State Sales Tax Estimate | 100,000 |
| 10. | Institute Pay-to-Play at \$100 Level | |
| | FCHS Athletics (689) + BFMS Athletics (346) + FCHS | |
| | Marching Band (94) x 50% | 56,450 |
| | Cut 1 More Elementary and 1 More Secondary Teaching | |
| 11. | Positions | |
| | (\$34,500 x 2 x 1.2693 + 10,800) | 98,382 |
| 12. | Other Unspecified Budget Reductions | 7,454 |
| | Total Required Reductions/Changes | <u>\$2,000,683</u> |

II. Use One-Time Carryover County School Funds to Reinstate Some Items for 2012-13:

Revenues:

- | | | |
|----|---|------------------|
| 1. | Energy Fund Reserve (EFR) (\$79,090 + \$121,505 + \$80,478 = \$281,073) | |
| | (NOTE: This would leave EFR funds of \$137,055 + any additional | |
| | carryover from 2011-12 for unused heating fuel services.) \$ 281,073 | |
| 2. | Carryover Funds from 2011-12 | <u>1,417,555</u> |

| | |
|----------------|--------------------|
| Total Revenues | <u>\$1,698,628</u> |
|----------------|--------------------|

Expenditures:

| | | |
|----|--|--------------------|
| 1. | Restore Transportation Fuel | \$ 79,090 |
| 2. | Restore Electrical Services | 121,505 |
| 3. | Restore Heating Fuel Services | 80,478 |
| 4. | Restore Health Insurance Increase | 407,000 |
| 5. | Restore 7 Non-Classroom Professional Positions | 419,767 |
| 6. | Restore 7 Resource Teacher Positions | 453,085 |
| 7. | Do Not Implement Pay-to-Play Revenues | 56,450 |
| 8. | Restore 1 Elementary and 1 Secondary Positions | 98,382 |
| 9. | Other Unspecified Budget Reductions | <u>(17,129)</u> |
| | Total Expenditures | <u>\$1,698,628</u> |

Excluding the purchase of school buses, the one-time Carryover County Funds for Schools (\$281,073 + \$1,417,555 = \$1,698,628) \$1,698,628 could be used for one-year only to offset some of the reductions as shown above. We could agree in advance that this level of cuts will take place in 2013-14, unless we receive additional undedicated revenues in 2013-14 to offset these restored cuts.

NOTE: This does not include the additional cost of the County Budget recommendation to provide either a 5.7% salary increase for full-time employees who then will pay 5% of their VRS retirement resulting in a net pay increase of 0%, or a 5.0% raise/pay 5% VRS retirement. Part-time employees would not receive raises.

Chairman Cundiff advised the Board \$1.7M carry-over school funds are one time monies asking to be used for the positions and he was uncomfortable using these funds for reoccurring expenditures.

**FRANKLIN COUNTY PUBLIC SCHOOLS
BUDGET REDUCTIONS ALREADY MADE IN THE
PROPOSED 2012-13 SCHOOL BUDGET REQUEST
MARCH 27, 2012**

| DESCRIPTION OF REDUCTIONS | <u>AMOUNT</u> |
|---|----------------------|
| Personnel & Benefits Estimates | \$ 750,000 |
| Personnel & Benefits Estimates | 251,322 |
| Staff Development – Technology | 25,620 |
| Cosmetology | 22,930 |
| Travel (\$1,622 + \$3,466) | 5,088 |
| Science & English Writing Textbooks | 1,590,107 |
| Updated Science Resource Materials & Equipment | 274,000 |
| Early Retirement Savings | 342,645 |
| Division Staff Development | 9,984 |
| Teacher Training | 12,710 |
| Maintenance Plan | 40,551 |
| Cut 1 Teaching Position | 50,000 |
| Piedmont Regional Tech Prep Consortium | 9,000 |
| Professional Dues | 10,945 |
| Purchased Services – IA | 15,516 |
| Custodial Supplies | 21,683 |
| 7 Bus Driver Positions | 117,664 |
| 2 FCHS to CATCE/Public Safety Bus Routes | 11,596 |
| Sp Ed Purchased Services | 23,300 |
| 5% Reduction of School Formula Budgets | 89,901 |
| School Board Travel | 1,713 |
| Cut Vacant District Position | 77,299 |
| Cut Vacant District Support Position (Retirement) | 48,767 |
| Cut 3 Vacant Secondary Elective Positions (Retirements) | 148,456 |
| Cut 2 Vacant Elementary Positions (Retirements) | 98,382 |
| Additional 5% Reduction of School Formula Budgets | 89,901 |
| Personal & Benefits Estimates | <u>200,000</u> |
| Total | <u>\$4,339,080</u> |

Vincent Copenhaver, Director of Finance, highlighted the following document:

**FRANKLIN COUNTY
BUDGET WORK SESSION
MARCH 29, 2012**

1. Proposed Budget presented by County Administrator is balanced with the following tax rates:
 - Real Estate \$0.54
 - Personal Property \$2.34 (Heavy Equipment remains at \$1.89)
 - Machinery and Tools \$0.70
 - Merchant's Capital \$1.08 (unchanged from current year)
2. This entire discussion is predicated on the understanding that the General Assembly has not passed a State budget. State revenue is 43% of the County's budget (State and Federal revenue make up 49% of the total budget).
3. County has absorbed the 5.7% raise necessary to offset 5% VRS pass back to employees so that net pay is not negatively impacted. No additional raise is proposed at this point and no funds are budgeted for possible health insurance increases.
4. Schools:
 - As of March 27, Schools are now requesting to use \$1.7 million of one-time carryover funds to balance their operating budget for FY12-13.
 - Utility/fuel line items make-up \$281,073 of the \$1.7 million.
 - Amount of raise from VRS pass back to employees still in question – phased or total cost not budgeted at present.
 - Appears 3% overall raise is not requested at this point in carryover request.
 - \$407,000 is also requested as part of the \$1.7 million of one-time carryover to cover health insurance increases.
 - \$1.7 million is equivalent to a 3 cent additional real estate tax rate increase.
5. State Reductions in Aid to Localities. State-wide reduction amount is proposed to be reduced from \$60 million to \$40 million. Franklin County's share of the reduction will be approximately \$130,000. The County will not realize this as new revenue because we did not budget this loss of State revenue in years past:
 - Late notification from the State during the first year of implementation would have required almost immediate personnel reductions in the constitutional offices including the Sheriff.
 - 42% of the reduction is in the Comprehensive Services revenue. Total CSA expenditures have been under budget in recent years and are trending that direction in the current year as well.
 - The County was able to absorb the revenue reductions the past four years but as the reduction amount is reduced by the State, the County will not realize additional new revenue.
6. Need to advertise the Proposed Budget by April 6, 2012.

General discussion ensued regarding possible parks and recreation fees to be applied to 12 year old and up participants.

General discussion was held on forwarding a percentage of the school carry over (\$1.68M). Bill Brush, School Board member addressed the Board regarding funding for the schools. Mr. Brush requested the Board to carefully consider the proposed cuts in carry over funds for the schools which will not be a positive impact. Mr. Brush requested the Board to consider level funding to the school as last year and further requested the Board of Supervisors allow the School Board to use the \$1.7M in carryover funds to restore possible personnel cuts.

**Franklin County Public Schools
School Budget County Revenues
Reconciled to County Budget Recommendation
2012-13
3/20/2012**

| <u>Item Description</u> | <u>2011-12</u> | <u>2012-13</u> | <u>Difference</u> |
|--|---------------------|---------------------|--------------------|
| Total County Revenues in Proposed School Budget | \$32,217,434 | \$35,965,945 | \$3,748,511 |
| 9.49 Funds for Operations | (0) | (1,630,075) | (1,630,075) |
| | (0) | (165,000) | (165,000) |
| 9.52 School Capital Funds | (880,000) | (880,000) | (0) |
| 9.54 Carryover of Energy Fund Reserve | (0) | (418,128) | (418,128) |
| 9.55 Carryover from 2011-12 | (0) | (1,417,555) | (1,417,555) |
| 9.56 Capital Funds for Bus Purchases | (340,000) | (340,000) | (0) |
| 9.57 Carryover for Bus Purchases | (477,543) | (760,296) | (282,753) |
| Adjusted Total | <u>\$30,519,891</u> | <u>\$30,354,891</u> | <u>\$(165,000)</u> |
| County Funds Budget Recommendation: | | | |
| Schools – Operations | \$27,629,908 | \$27,629,908 | \$0 |
| Schools - Debt Service | 2,856,997 | 2,691,997 | (165,000) |
| Schools – Canneries | 32,986 | 32,986 | 0 |
| Total | <u>\$30,519,891</u> | <u>\$30,354,891</u> | <u>\$(165,000)</u> |
| Reductions Required By County Budget Recommendation: | | | |
| School Bus Purchases | | \$1,100,296 | |
| Facilities | | 880,000 | |
| 3% Pay Increase | | 1,630,075 | |
| Other Unspecified Reductions | | 2,000,683 | |
| County Revenue for School Bus Purchases | | (1,100,296) | |
| County Revenue for Facilities | | (880,000) | |
| County Revenue for 3% Pay Increase | | (1,630,075) | |
| Total | | <u>\$2,000,683</u> | |
| Recapitulation of Possible Required Cuts: | | | |
| Funds for Operations Difference | | \$165,000 | |
| Energy Fund Reserve | | 418,128 | |
| Carryover from 2011-12 | | 1,417,555 | |
| Total | | <u>\$2,000,683</u> | |

Note: This does not include the additional cost of the County Budget recommendation to provide a 5.7% salary increase for full-time employees who then will pay 5% of their VRS retirement resulting in a net pay increase of 0%. Part-time employees would not receive raises.

General discussion was shared regarding the County granting the 5.7% VRS salary increase for full-time employees who then will pay 5% of their VRS retirement resulting in a new pay increase of 0%.

Richard E. Huff, II, County Administrator, briefed the Board on the following VRS mandated exchange.

Franklin County
Summary of State Mandated Virginia Retirement System (VRS) Exchange
March 29, 2012

| <u>General Government</u> | <u>Amount</u> |
|--|---------------|
| 5.7% Raise and 5% VRS Exchange (\$227,693 is included in the Proposed Budget) | \$227,693 |

| | |
|---|-----------|
| 5% Raise and 5% VRS Exchange (Net pay decreases \$14 per month on a \$35,000 annual salary) | \$126,305 |
| 1.14% Raise and 1% VRS Exchange | \$45,539 |
| 1% Raise and 1% VRS Exchange (Net pay decreases \$3 per month on a \$35,000 annual salary) | \$25,261 |
| 1% Raise for all Full and Part Time County Employees (includes fringe benefits - does not include Schools) | \$160,739 |

| <u>Schools</u> | <u>Amount</u> |
|--|---------------|
| 5.7% Raise and 5% VRS Exchange | \$739,956 |
| 5% Raise and 5% VRS Exchange | \$416,239 |
| 1.14% Raise and 1% VRS Exchange | \$147,991 |
| 1% Raise and 1% VRS Exchange | \$83,248 |
| 1% Raise for all Full and Part Time School Employees | \$543,358 |

Discussion ensued regarding raises for employees.

Mr. Bobby Thompson requested the Board to consider the allocation of carryover funds be given back to the school.

Mr. Ronnie Thompson, Boone District, (via teleconference) stated he would like to propose placing an increase for the decal fee up to \$25.00 to \$30 or higher to make up the difference in revenue regarding in place of the proposed 30 cents on the personal property.

(RESOLUTION # -03-2012)

BE IT THEREFORE RESOLVED, by the Board of Supervisors to authorize staff to advertise for public hearing for the proposed Synopsis of the FY'2012-2013 County Budget and tax levies in the amount of \$157,848,754 on April 17, 2012 @ 7:00 P.M at the Benjamin Franklin Middle School East Auditorium:

SYNOPSIS OF THE PROPOSED BUDGET FOR FISCAL YEAR 2012-2013

| <u>Expenditure Function</u> | <u>Proposed Expenditures</u> | <u>Percent of Budget</u> |
|--------------------------------------|------------------------------|--------------------------|
| General and Financial Administration | \$3,966,843 | 3.3% |
| Judicial System | 2,363,269 | 2.0% |
| Public Safety | 13,124,785 | 10.8% |
| Public Works | 3,032,871 | 2.5% |
| Health and Welfare | 11,441,769 | 9.4% |
| Schools | 77,176,837 | 63.9% |
| Recreation and Cultural | 1,769,727 | 1.4% |
| Community Development | 2,136,877 | 1.8% |
| Debt Service | 1,932,833 | 1.6% |
| Non-Departmental | 213,557 | 0.2% |

| | | |
|-------------------------|----------------------|---------------|
| Capital Outlay | 3,235,501 | 2.7% |
| Utilities | 456,696 | 0.4% |
| Sub-Total | <u>\$120,851,565</u> | <u>100.0%</u> |
| Transfers Between Funds | 36,997,189 | |
| Total | <u>\$157,848,754</u> | |

| <u>Revenue Function</u> | <u>Proposed Revenues</u> | <u>Percent Of Budget</u> |
|--|--------------------------|--------------------------|
| General Property Taxes/Other Local Taxes | \$54,162,768 | 44.8% |
| State Funds – County | 15,253,048 | 12.6% |
| State School Funds | 36,515,448 | 30.2% |
| Federal School Funds | 7,135,098 | 6.0% |
| Local School Funds | 3,171,400 | 2.6% |
| Other County Funds | 4,613,803 | 3.8% |
| Fund Balance | 0 | 0.0% |
| Sub-Total | <u>\$120,851,565</u> | <u>100.0%</u> |
| Transfers Between Funds | 36,997,189 | |
| Total | <u>\$157,848,754</u> | |

| | |
|---|--|
| Real Estate | \$0.54 per \$100 assessed valuation |
| Personal Property | \$2.34 per \$100 assessed valuation |
| Personal Property Business (Code Section 58.1-3508.2) | \$1.89 per \$100 assessed valuation |
| Machinery & Tools | \$0.70/\$0.28 per \$100 assessed valuation |
| Merchants Capital | \$1.08 per \$100 assessed valuation |
| MOTION BY: | Charles Wagner |
| SECONDED BY: | Bobby Thompson |
| VOTING ON THE MOTION WAS AS FOLLOWS: | |
| AYES: Mitchell, Thompson, Wagner, Brubaker, Camicia, Thompson & Cundiff | |

Chairman Cundiff adjourned the meeting.

DAVID CUNDIFF
CHAIRMAN

SHARON K. TUDOR, MMC
COUNTY CLERK